

Auditing Procedures Report

Instructions and MuniCodes

*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name* Centerville	County* LEELANAU	Type* TOWNSHIP	MuniCode* 45-1-020
Opinion Date-Use Calendar*	Audit Submitted-Use Calendar* Sep 29, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

- ☒ ☐ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
- ☒ ☐ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
- ☒ ☐ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?
- ☒ ☐ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
- ☒ ☐ 5. Did the local unit adopt a budget for all required funds?
- ☒ ☐ 6. Was a public hearing on the budget held in accordance with State statute?
- ☒ ☐ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
- ☒ ☐ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
- ☒ ☐ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
- ☒ ☐ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
- ☒ ☐ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
- ☒ ☐ 12. Is the local unit free of repeated reported deficiencies from previous years?
- ☒ ☐ 13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
- ☒ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
- ☒ ☐ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
- ☒ ☐ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
- ☐ ☐ 18. Are there reported deficiencies? ☐ 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> \$ 167,795.00
General Fund Expenditure:	<input type="checkbox"/> \$ 134,844.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> \$ 246,062.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/>

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)* David	Last Name* Wilson	Ten Digit License Number* 1101013769		
CPA Street Address* PO Box 205	City* Interlochen	State* mi	Zip Code* 49643	Telephone* +1 (231) 276-7668
CPA Firm Name* David E Wilson CPA	Unit's Street Address* 5874 S French Rd	Unit's City* Cedar	Unit's Zip* 49621	

CENTERVILLE TOWNSHIP

CEDAR , MICHIGAN

Audit Report

For Year Ended
March 31, 2008

David E. Wilson, CPA
PO Box 205
Interlochen, MI 49643
(231) 276-7668

CENTERVILLE TOWNSHIP
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INTRODUCTORY SECTION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Centerville Township Board
Cedar, Michigan

We have audited the financial statements of the governmental activities, the business-type activities and the aggregate remaining fund information of Centerville Township, Leelanau County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Centerville Township's basic financial statements and have issued our report thereon dated August 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Centerville Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Centerville Township in a separate letter dated August 14, 2008.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Centerville Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, township board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

David E Wilson CPA

Interlochen, MI
August 14, 2008

FINANCIAL SECTION

CENTERVILLE TOWNSHIP

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increase by \$32,951 from last year - increasing from \$235,613 to \$268,564.

The Township's Funds

Our analysis of the Township's major funds begins on page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services with fire protection being transferred from the general fund.

General Fund Budgetary Highlights:

Over the course of the year the Township Board was able to maintain the township departments within their prescribed budgets.

Capital Asset and Debt Administration:

As of March 31, 2008 the Township had \$92,520 invested in a broad range of capital assets, including land, buildings and equipment. In addition, the Township has invested significantly in major and local roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law which makes these roads the property of the County Road Commission (along with the responsibility to maintain them).

Economic Factors and Next Year's Budgets and Rates:

Centerville Township's 2008 -2009 budget calls for only the allocated millage of 0.65930. Centerville Township has no voted millage. The state law mandated services and the services of the Centerville Township Fire contract services are provided with no voted millage at this time. This can be accomplished by the growth in our tax base. Because of the impact of Proposal A, however, the Township needs to continue to watch its budget very closely. The state-wide tax reform act limits growth in taxable value by less than inflation. the mathematical

result of this is that the total taxable value for the Township will grow less than by inflation, before considering new property additions.

General Overview of the Accomplishments of Centerville Township in the 2007-2008 Fiscal Year:

Reasons for revenues increasing:

1. Interest earnings increased due to a change from non-interest account to an interest bearing account.

Expenses for Centerville Township:

1. Centerville Township is in joint ownership with Solon Township for the Solon/Centerville Fire Department at a 50/50 cost share basis.

Future projects the Centerville Township anticipates:

1. Centerville Township expects more road improvements in the Township due to wear and aging of the county roads.

Contacting the Township's Management:

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk at (231) 228-5752.

INDEPENDENT AUDITOR'S REPORT

To the Township Board
Centerville Township, Michigan

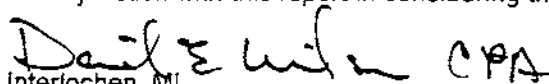
We have audited the accompanying statement of net assets, activities, each major fund, and the aggregate remaining fund information of Centerville Township, Michigan as of and for the year March 31, 2006, which collectively comprise Centerville Township, Michigan's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Centerville Township, Michigan's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Centerville, Leelanau County, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for each major fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required budgetary comparison information identified in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 2006 on our consideration of Centerville Township, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

 Denise Wilson CPA
Interlochen, MI
August 14, 2008

CENTERVILLE TOWNSHIP
Government Wide Statement of Net Assets
As Of March 31, 2008

	Total
Assets	
Cash & Investments	\$246,062
Accounts Receivable	0
Accrued Interest Receivable	0
Due from Other Funds	0
Prepaid Insurance	0
Net Assets	22,502
Total Assets	<u>268,564</u>
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	0
Retirement Payable	0
Deferred Taxes Receivable	0
Due to Other Funds/Agencies	0
Note Payable	0
Total Liabilities	<u>0</u>
Fund Equity	
Fund Balance - Unreserved	268,564
Total Fund Equity	<u>268,564</u>
Total Liabilities and Fund Balance	<u>\$268,564</u>

CENTERVILLE TOWNSHIP
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2008

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
Legislative	\$13,001		\$0	\$0	(\$13,001)		(\$13,001)
General government	61,536	92,931			31,395		31,395
Public safety	50,136				(50,136)		(50,136)
Public works	862				(862)		(862)
Health and Welfare	0				0		0
Community and Economic Development	7,716				(7,716)		(7,716)
Recreation and Culture	1,593				(1,593)		(1,593)
Depreciation	0				0		0
Interest on Long Term Debt	0				0		0
Total Governmental Activities	134,844	92,931	0	0	(41,913)	0	(41,913)
Business Type Activities							
Enterprise Funds	0	0				0	0
Total Primary Government	134,844	92,931	0	0	(41,913)	0	(41,913)
Component Unit							
N/A	0		0				0

General revenues:
Taxes

Property Taxes-general	52,037	0	52,037
Property Taxes-debt service	0		0
State-Shared Revenues	22,734		22,734
Unrestricted Investment Earnings	0	0	0
Franchise taxes	0		0
Contributions	0		0
Miscellaneous	93	0	93
Transfers	0	0	
Total General Revenues-Special Items and Transfers	74,864	0	74,864
Changes in Net Assets	32,951	0	32,951
Net Assets - Beginning	235,613	0	235,613
Net Assets - Ending	\$268,564	\$0	\$268,564

Net Income Per Governmental Balance Sheet	32,951
Less Depreciation	0
Net Income Per Statement of Activities	32,951

CENTERVILLE TOWNSHIP
Governmental Funds Balance Sheet
As Of March 31, 2008

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Non Major Funds</u>	<u>Total (Memo Only)</u>
<u>Assets</u>			
Cash & Investments	\$246,062	\$0	\$246,062
Accounts Receivable	0	0	0
Accrued Interest Receivable	0	0	0
Due from Other Funds	0	0	0
Prepaid Insurance	0	0	0
Buildings & Improvements	0	0	0
Machinery & Equipment	0	0	0
Total Assets	<u>246,062</u>	<u>0</u>	<u>246,062</u>
<u>Liabilities and Fund Balance</u>			
Liabilities			
Accounts Payable	0	0	0
Retirement Payable	0	0	0
Deferred Taxes Receivable	0	0	0
Due to Other Funds/Agencies	0	0	0
Note Payable	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity			
Fund Balance - Unreserved	<u>246,062</u>	<u>0</u>	<u>246,062</u>
Total Fund Equity	<u>246,062</u>	<u>0</u>	<u>246,062</u>
Total Liabilities and Fund Balance	<u>\$246,062</u>	<u>\$0</u>	<u>\$246,062</u>
 Fund Balance Per All Government Funds			246,062
Add Net Assets			<u>22,502</u>
Fund Balance Per Balance Sheet			<u><u>268,564</u></u>

CENTERVILLE TOWNSHIP
 Combined Statement of Revenues, Expenditures and Changes in Fund Balance
 All Governmental Fund Types
 For the Year Ended March 31, 2008

	<u>Governmental Fund Types</u>		
	General Fund	Non Major Funds	Total (Memo Only)
<u>Revenues</u>			
Taxes	\$50,307	\$0	\$50,307
Admin Fees	22,734	0	22,734
Licenses	1,730	0	1,730
State Grants	78,990	0	78,990
Charges for Services	2,157	0	2,157
Interest & Rentals	11,784	0	11,784
Other Revenues	93	0	93
Total Revenues	<u>167,795</u>	<u>0</u>	<u>167,795</u>
<u>Expenditures</u>			
Current			
Legislative	13,001	0	13,001
General Government	61,536	0	61,536
Public Safety	50,136	0	50,136
Public Works	862	0	862
Other	9,309	0	9,309
Total Expenditures	<u>134,844</u>	<u>0</u>	<u>134,844</u>
Excess Revenue (Expenditures)	32,951	0	32,951
Fund Balance - Beginning of Year	213,111	0	213,111
Prior Period Adjustments	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$246,062</u>	<u>\$0</u>	<u>\$246,062</u>

CENTERVILLE TOWNSHIP
Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended March 31, 2008

<u>Assets</u>	<u>Ending Balance March 31, 2008</u>
Cash	<u>\$1,722</u>
Total Assets	1,722
<u>Liabilities</u>	
Due to Other Agencies	0
Due to Other Funds	<u>1,722</u>
Total Liabilities	\$1,722

The footnotes are an integral part of these Financial Statements.

Centerville Township

Notes to Financial Statements
March 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Centerville Township is a general law township located in Leelanau County. Population as of the 2000 census was 1097, and the current State equalized value and the taxable value is \$130,293,913 and \$72,550,000, respectively.

The Township's general purpose financial statements include the accounts of all Township operations. The criteria for including organizations within the Township's reporting entity, as set forth in GASB No. 14, "The Financial Reporting Entity" includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if data were not included.

Based on the above criteria, there are no other organizations included in these financial statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and Expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, as amended, the Township has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

B. Basis of Presentation

The financial activities of the Township are recorded in separate self-balancing funds and account groups, categorized and described as follows:

Governmental Funds

General Fund - This fund is used to account for all financial transactions not accounted for in another fund, including the general operating expenditures of the Township. Revenues are derived primarily from property taxes, state distributions or grants, and other intergovernmental revenues.

Special Revenue Funds - These funds are used to account for specific governmental revenues (other than special assessments and major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds - These funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

C. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

D. Budgets

The General Fund and Special Revenue Fund are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget approved and amended by the Township.

In the body of the financial statements, the Township's actual and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets for these funds were adopted to the activity or cost center level.

E. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the GASB 34 Statements. Public domain general fixed assets consisting of roads, bridges, curbs, gutters, streets, sidewalks, drainage systems and lighting systems are excluded from fixed assets because such items are immovable and of value only to the Township. Fixed assets are subject to annual depreciation expense.

Fixed assets are recorded at historical cost. Donated fixed assets are valued and recorded at the fair market value at date of receipt.

F. Property Tax Procedures and Collections

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 1. Real property taxes are collected by the Township Treasurer through February 28 of each year. As of March 1, uncollected real property taxes are returned delinquent to and collected by the County Treasurer. Personal property taxes remain the responsibility of the Township Treasurer to collect.

During the collection period prior to March 1, the Township Treasurer makes distribution of the property tax collections to the various taxing units (County, School District, etc.) as required by statute.

For the fiscal year the Township levied property taxes as follows:

	SEV	Taxable Value	Millage
General Operating	\$150,506,660	\$85,396,593	0.58990

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. We noted no violations of legal provisions and/or contractual provisions of various agreements related to financial matters.

B. All funds had positive fund balances at March 31, 2008.

C. Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. For the year ended March 31, 2008, there were material variances in department level cost centers as follows:

	Budget	Actual	Variance
Fire Protection	\$48,500	\$50,136	\$1,636

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal provisions for Deposits and Investments

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, and Act 196, Public Acts of 1997, states that the Township, by resolution, may authorize the Treasurer to invest surplus funds as, follows:

- (1) In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- (2) In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
- (3) In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase.
- (4) Repurchase agreements consisting of instruments defined in (1) above.
- (5) In bankers' acceptances of United States Banks.
- (6) Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- (7) In mutual funds registered under the investment company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by local units of government in Michigan.

B. Types of Deposits and Investments

The Township had \$63,746 deposited with local financial institutions on March 31, 2008 with a carrying value of \$63,746. Interpreting the FDIC insurance coverage of \$100,000 of demand deposits and \$100,000 of time deposits per financial institution, the Township had no uninsured deposits at March 31, 2008.

In addition, the Township had \$184,038 invested in certificates of deposit at various institutions.

NOTE 4- STATEMENTS OF CHANGES IN FIXED ASSETS

	Balance 3/31/06	Additions	Deletions	Balance 3/31/08
Land and Buildings	\$ 66,932	\$ -	\$ -	\$ 66,932
Machinery and Equipment	8,670	-	-	8,670
Office Furniture and Equipment	16,918	-	-	16,918
Total	\$ 92,520	-	-	\$ 92,520

NOTE 5- LONG-TERM DEBT

The Township had no long-term debt at March 31, 2008, and officials stated that no borrowing is anticipated in the near future.

NOTE 6- LOANS AND TRANSFERS BETWEEN FUNDS

During the year ended March 31, 2008 there were no loans or operating transfers between funds.

NOTE 7- INVENTORIES

Centerville Township does not maintain a substantial inventory of supplies or materials. Purchases are normally made as needed, and the items are recorded as expenses when purchased.

NOTE 8 - PENSION PLAN

The Township has a defined contribution pension plan for Michigan Township employees under contract with the Manufacturers Life Insurance Company. Listed below is a summary of the significant plan provisions adopted by Board Resolution:

A. Eligibility Requirements

1. Attained age of 18.
2. No minimum service requirement.
3. All elected officials and trustees.

B. Contributions

1. The lesser of 10% of annual compensation or \$500 funded entirely by the Township on an annual basis.
2. Compensation determined by the basic annual rate of compensation in effect at the beginning of the plan year.
3. Township pays 100% of required annual contribution.

C. Vesting

1. Contributions are vested to the employee immediately upon early retirement, termination of service, death, disability, or normal retirement at 100%.

D. Plan Administration

1. The plan is administered by the Township Clerk. During the year the total contribution was \$1,800. Covered payroll for the year was \$33,725 with total payroll for all employees of \$40,625. The plan was funded at the required contribution amount.

NOTE 9- ACCOUNTS/TAXES RECEIVABLE

There were no uncollected personal property taxes as of March 31, 2008.

NOTE 10- CONTINGENT LIABILITIES

Township officials are not aware of any contingent liabilities on the part of the Township.

NOTE 11- RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the audit year the Township addressed these risks through the purchase of commercial insurance through Municipal Underwriters of Michigan. There was no significant reduction of insurance coverage from prior years nor have the amounts of any settlements exceeded insurance coverage in any of the past three fiscal years.

NOTE 12- COMPENSATED ABSENCES

The Township does not provide for payment to employees for sick leave, accumulated leave, etc.

NOTE 13- POST EMPLOYMENT BENEFITS

The Township has no provision for post employment benefits.

NOTE 14 - USE OF ESTIMATES

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

SUPPLEMENTAL DATA SECTION

To the Centerville Township Board
Centerville Township, MI

We have audited the combined financial statements of Centerville Township, Michigan for the year ended March 31, 2008. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

 CPA

Interlochen, MI
August 14, 2008

GENERAL FUND

CENTERVILLE TOWNSHIP
Balance Sheet
General Fund
As Of March 31, 2008

Assets

Cash & Investments	\$246,062
Accounts Receivable Taxes	0
Accrued Interest Receivable	0
Prepaid Insurance	0
Due from Other Funds	0
Total Assets	<u>246,062</u>

Liabilities and Fund Balance

Liabilities

Accounts Payable	0
Retirement Payable	0
Deferred Taxes Receivable	0
Road Commission Payable	0

Fund Equity

Fund Balance	<u>246,062</u>
Total Liabilities and Fund Equity	<u>\$246,062</u>

The footnotes are an integral part of these Financial Statements.

CENTERVILLE TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended March 31, 2008

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenue				
Current Property Taxes	\$51,000	\$51,000	\$50,307	(\$693)
Licenses and Permits	3,000	3,000	1,730	(1,270)
State Shared Revenues	65,000	65,000	78,990	13,990
Admin Fees	22,000	22,000	22,734	734
Earned Interest	7,500	7,500	11,784	4,284
Rents and Royalties	1,000	1,000	0	(1,000)
Service Revenue	3,400	3,400	0	(3,400)
Refunds	0	0	2,157	2,157
Other Income	1,000	1,000	93	(907)
Total Revenues	153,900	153,900	167,795	13,895
Total Funds Available	153,900	153,900	167,795	13,895
Expenditure				
Legislative				
Township Board:				
Salaries and Wages	3,200	3,200	2,800	400
Pension and Fringes	2,500	2,500	2,379	121
Office Supplies	400	400	76	324
Legal Fees	20,000	20,000	0	20,000
Insurance and Bonds	6,000	6,000	5,029	971
Memberships and Dues	1,500	1,500	1,314	186
Road Improvements (Expended 2005)	0	0	0	0
Printing and Publishing	2,000	2,000	1,008	992
Misc	500	500	395	105
Total Township Board	36,100	36,100	13,001	23,099
General Government:				
Township Supervisor:				
Salaries and Wages	8,000	8,000	8,000	0
Office Supplies	200	200	43	157
Professional Services	0	0	0	0
Mileage and Travel	300	300	35	265
Misc	200	200	0	200
Total Township Supervisor	8,700	8,700	8,078	622
Elections:				
Salaries and Wages	1,500	1,500	2,068	(568)
Travel	250	250	216	34
Supplies	100	100	289	(189)
Contractual Fees	800	800	0	800
Misc	400	400	0	400
Total Elections	3,050	3,050	2,573	477

The footnotes are an integral part of these Financial Statements.

CENTERVILLE TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended March 31, 2008

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)	Actual	
Assessor:						
Wages	300	300	0	300	\$10,000	-10,000
Office Supplies	500	500	462	38	1,906	-1,444
Professional Services	13,000	13,000	15,990	-2,990	3,000	12,990
Mileage and Travel	300	300	0	300	250	-250
Printing and Publishing	2,000	2,000	0	2,000	251	-251
Education and Training	200	200	0	200	0	-282
Total Assessor	16,300	16,300	16,452	-152	15,689	763
Clerk:						
Salaries and Wages	10,000	10,000	10,000	0	0	9,000
Part Time Wages	500	500	500	0	500	0
Office Supplies	1,000	1,000	813	187	180	633
Contractual Fees	500	500	0	500	0	0
Mileage and Travel	200	200	0	200	0	0
Education and Training	200	200	0	200	0	0
Total Clerk	12,400	12,400	11,313	1,087	9,680	1,633
Board of Review:						
Salaries and Wages	1,200	1,200	1,120	80	0	865
Printing and Publishing	200	200	165	35	121	44
Education and Training	200	200	0	200	0	0
Total Board of Review	1,600	1,600	1,285	315	986	299
Treasurer:						
Salaries and Wages	13,677	13,677	13,677	0	0	8,850
Part Time Wages	100	100	100	0	100	0
Office Supplies	1,500	1,500	1,905	-405	1,430	475
Contracted Services	2,100	2,100	2,575	-475	3,649	-1,074
Computer Services	300	300	0	300	434	-434
Mileage and Travel	400	400	413	-13	0	418
Total Treasurer	18,077	18,077	18,670	-593	14,881	3,789
Township Hall and Grounds:						
Salaries and Wages	800	800	75	725	0	665
Public Utilities	900	900	678	222	0	305
Maintenance and Repairs	12,000	12,000	2,378	9,622	0	1,023
Operating Supplies	200	200	34	166	0	0
Total Township Hall	13,900	13,900	3,165	10,735	1,993	1,172
Total General Government	74,027	74,027	61,536	12,491	51,960	9,576
Public Safety:						
Fire Protection						
Administrative Fee	48,500	48,500	50,136	-1,636	0	39,522
Total Fire Protection	48,500	48,500	50,136	-1,636	39,522	10,614

The footnotes are an integral part of these Financial Statements.

CENTERVILLE TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended March 31, 2008

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)	Actual	
Planning						
Salaries and Wages	4,000	4,000	2,513	1,487	0	\$2,190 323
Legal	5,000	5,000	1,450	3,550	0	2,375 -925
Travel	400	400	11	389		0
Printing and Publishing	1,000	1,000	577	423	0	164 413
Education and Training	500	500	75	425		0
Total Planning and Zoning	10,900	10,900	4,626	6,274		4,729 -103
Board of Appeals:						
Salaries and Wages	600	600	0	600	0	140 -140
Legal	0	0	0	0	0	70 -70
Printing and Publishing	300	300	0	300	0	35 -35
Total Board of Appeals	900	900	0	900		245 -245
Zoning Administrator						
Part Time Wages	4,000	4,000	3,090	910		4,459 -1,369
Office Supplies	200	200	0	200		0
Mileage and Travel	200	200	0	200		0
Misc	0	0	0	0		22 -22
Education and Training	200	200	0	200		0
Total Zoning Administrator	4,600	4,600	3,090	1,510		4,481 -1,391
Public Works:						
Street Lighting	900	900	862	38	0	746 116
Road Construction	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Total Public Works	900	900	862	38		746 116
Parks and Recreation						
Repairs and Maint	2,000	2,000	1,043	957		1,554 -511
Contractual Fees	1,000	1,000	550	450		0 550
Total Parks and Recreation	3,000	3,000	1,593	1,407	0	1,554 39
Total Expenditures	178,927	178,927	134,844	44,083		115,700 19,144
Excess Revenues	-25,027	-25,027	32,951	-30,188		18,637 14,314
Fund Balance - Beginning of Year			213,111			
Fund Balance - End of Year			\$246,062			

The footnotes are an integral part of these Financial Statements.

August 14, 2008

To The Township Board
Centerville Township
Arcadia, Michigan

We have audited the financial statements of the Township of Centerville for the year ended March 31, 2008 and have issued our report thereon dated July 08, 2008. Professional standards require that we provide you the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated July 8, 2008 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Significant Accounting Policies

Management has the responsibility for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township of Centerville are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Township of Centerville's books during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transactions occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements of the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 14, 2008.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management during the audit. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We wish to thank the staff for their support and assistance during our audit.

This information is intended solely for the use of the Township Board, and management of the Township of Centerville and is not intended to be and should not be used by anyone other than these specified parties.

 CPA

Interlochen, MI
August 14, 2008